

Contango ORE, Inc.
Form 10-Q
January 31, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-35770

CONTANGO ORE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE 27-3431051
(State or other jurisdiction of (IRS Employer

incorporation or organization) Identification No.)

3700 BUFFALO SPEEDWAY, SUITE 925

HOUSTON, TEXAS 77098

(Address of principal executive offices)

(713) 877-1311

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The total number of shares of common stock, par value \$0.01 per share, outstanding as of January 30, 2018 was 5,975,048.

CONTANGO ORE, INC.

TABLE OF CONTENTS

	Page
PART I – FINANCIAL INFORMATION	
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets (unaudited) as of December 31, 2017 and June 30, 2017	3
Condensed Consolidated Statements of Operations (unaudited) for the three and six months ended December 31, 2017 and 2016	4
Condensed Consolidated Statements of Cash Flows (unaudited) for the six months ended December 31, 2017 and 2016	5
Condensed Consolidated Statement of Shareholders’ Equity (unaudited) for the six months ended December 31, 2017	6
Notes to the Condensed Consolidated Financial Statements (unaudited)	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3. Quantitative and Qualitative Disclosures about Market Risk	43
Item 4. Controls and Procedures	43
PART II – OTHER INFORMATION	
Item 1. Legal Proceedings	43
Item 1A. Risk Factors	43
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	43
Item 4. Mine Safety Disclosures	43
Item 5. Other Information	43
Item 6. Exhibits	44

All references in this Form 10-Q to the “Company”, “CORE”, “we”, “us” or “our” are to Contango ORE, Inc.

CONTANGO ORE, INC.**CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****Item 1 - Financial Statements**

	December 31, 2017	June 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash	\$15,821,738	\$5,191,749
Prepaid expenses and other	125,560	175,791
Total current assets	15,947,298	5,367,540
OTHER ASSETS:		
Investment in Peak Gold, LLC (Note 4)	—	—
Total other assets	—	—
TOTAL ASSETS	\$15,947,298	\$5,367,540
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$13,116	\$50,858
Accrued liabilities	117,808	86,561
Total current liabilities	130,924	137,419
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
SHAREHOLDERS' EQUITY:		
Common Stock, \$0.01 par value, 30,000,000 shares authorized; 5,975,048 shares issued and outstanding at December 31, 2017; 4,930,231 shares issued and 4,921,163 outstanding at June 30, 2017	59,751	49,303
Additional paid-in capital	52,345,624	40,500,239
Treasury shares at cost (0 shares at December 31, 2017 and 9,068 at June 30, 2017)	—	(207,400)
Accumulated deficit	(36,589,001)	(35,112,021)
SHAREHOLDERS' EQUITY	15,816,374	5,230,121
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$15,947,298	\$5,367,540

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTANGO ORE, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
EXPENSES:				
General and administrative expense	\$ 808,344	\$ 592,142	\$ 1,476,980	\$ 1,547,792
Total expenses	808,344	592,142	1,476,980	1,547,792
OTHER EXPENSE				
Loss from equity investment in Peak Gold, LLC (Note 4)	—	—	—	—
NET LOSS	\$(808,344)	\$(592,142)	\$(1,476,980)	\$(1,547,792)
LOSS PER SHARE				
Basic and diluted	\$(0.14)	\$(0.13)	\$(0.28)	\$(0.36)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic and diluted	5,650,321	4,640,034	5,289,934	4,315,444

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTANGO ORE, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Six Months Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(1,476,980)	\$(1,547,792)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	998,117	959,650
Changes in operating assets and liabilities:		
Decrease/(increase) in prepaid expenses and other	50,231	(61,917)
Increase/(decrease) in accounts payable and accrued liabilities	(6,495)	71,681
Net cash used in operating activities	(435,127)	(578,378)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash paid for shares withheld from employees for payroll tax withholding	—	(171,158)
Cash from warrant exercises and capital raise, net	11,065,116	5,287,500
Net cash provided by financing activities	11,065,116	5,116,342
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	10,629,989	4,537,964
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,191,749	1,254,489
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$15,821,738	\$5,792,453

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTANGO ORE, INC.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited)

Common Stock	Additional Paid-In
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